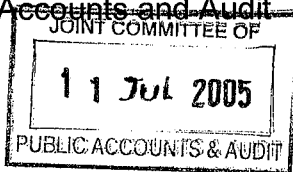


Committee Secretary
Joint Committee of Public Accounts and Audit
Parliament House
Canberra
ACT



Submission No:39.....

REVIEW OF AVIATION SECURITY IN AUSTRALIA

Australiawide Airlines Limited trades as Regional Express (REX), a Regular Public Transport airline established to provide air transport for regional areas in New South Wales, Victoria, Tasmania and South Australia. The service provided by REX consists of transport from regional areas to capital cities, thus REX constantly operates in regional unscreened airports and major screened airports.

Although all airports from which REX operates are or will be security controlled, the majority are unscreened. REX continuously transports screened passengers to regional unscreened airports and unscreened passengers to screened airports.

Regional express wishes to make the following observations to the Committee with regard to the Terms of Reference.

Regulation of Aviation Security

Within the last three years some major changes have occurred within the Department, not the least of which is a large personnel increase. These changes have induced an improved customer service product from the Department and made industry contact with the Department easier. During the last 12 months we have found the Department to be co-operative and keen to liaise with industry.

With respect to regulation, we have found that the Department has less corporate experience with and knowledge of regional aviation than they have of major domestic and international aviation. This has led to a number of issues with regulations which may only have a minor impact on domestic and international operators but do have a major and serious impact on regional operators. The requirement to screen all flight crew is one such regulation.

The current legislation and regulations involved industry consultation and in general, provided quantum advancement in the Australian approach to aviation security. The philosophy within the new regulations allowed airlines to assess the actual risk to their operations and introduce appropriate measures. This philosophy allows funds spent on aviation security to be used more effectively.

However, during the last 2 months the media (and thus the general public) have made a number of claims regarding events which they label as 'aviation security' matters. These discussions in the public forum have led to a number of measures being introduced in short time periods which have had and will continue to have a detrimental effect on airlines.

There is concern within industry that the Department, under pressure from Parliament, may lose sight of the true meaning of aviation security which is "to prevent unlawful interference with aviation" (*Aviation Transport Security Act, 2004 Section 3*) and that certain criminal acts with no direct or indirect threat to aviation may be included under the title of Aviation Security, simply because they occur at an airport. The compulsory universal inclusion of measures to counter non aviation security issues will cost industry considerable sums of money for, in REX's case, no gain and could mean the difference between some regional airlines operating or ceasing operations. This topic will be discussed in greater detail later in this submission.

In relation to your terms of reference, the Department has attempted to consult with industry where possible and have used industry advice regarding the majority of the measures introduced. The Department's response to security incidents has been relatively swift and decisive, after a short consultation process has been undertaken.

With regard to overall regulation by the Department, REX believes that an increased corporate experience and knowledge of regional aviation matters would benefit the industry. An improved knowledge of regional aviation will allow the Department to have a better understanding of the major differences between regional and domestic aviation and the detrimental impact that certain regulations can and do have on regional aviation.

Compliance with Security Requirements by Airports

Regional Express operates from airports which have maintained Security Programmes for lengthy periods of time and from airports which have never had any security concerns or requirements.

During the course of 2005 REX has found that the airports which are new to the security environment are attempting to satisfy the Department's requirements to the best of their ability. The Department is providing valuable support to these airports with seminars, general information, personal guidance and a training package which will be introduced in the future.

Compliance of the new entrant airports cannot be determined until all the required facilities and processes are in place and the operators have received the appropriate training. Some airports are attempting to introduce facilities and services which are not appropriate to their location or the risk associated with the airport. This has been caused by some airport operators not understanding the true aviation security requirements for their airport.

For example, one regional airport is building a new terminal which includes a baggage screening room. Baggage screening will not be required at this particular airport and the design and position of the room creates difficulties for airline airport staff who must continuously move between Check-in and the Baggage makeup room as part of their duties. At least another two regional airports are incorporating baggage belt and carousel facilities under the guise that these are required for security purposes. This is not the case. The cost of these additional facilities will be passed onto airlines. Airlines must either absorb the cost, thus reducing operating viability, or pass the cost onto passengers reducing competitiveness.

It is also suggested by some regional airport operators that the current security upgrade scheme is a means by which enhancements can be made to their facility with the cost borne by the Federal Government. Comments have been made by such airports that they must not miss out on this untapped funding availability. There is little understanding that such funding does not come from taxpayers directly but funded through the excise on aviation fuel – the industry pays in any event.

Compliance by the major airports which have long standing security requirements is dependant on their individual interpretation of the regulations. REX has found minor disparities between such airports, particularly relating to screening requirements and the interpretation of these requirements by the three major screening contractors who operate at the airports. These disparities can cause confusion among crews who operate to two or more of these airports regularly.

One example of this is the unique requirement by Group 4 Securitas at Melbourne airport for all crew to open ring binders during screening. Pilots are required to carry a number of ring binders as part of their duties and due to CASA requirements. Opening and closing these binders, and the occasional rebuilding of the binders as pages fall out, increases the time required for a Pilot to proceed through screening, with consequential delays in performing his or her other duties. Another example is at Sydney where pilots who do not have the shelter of an aerobridge are now unable to take umbrellas through screening.

Compliance with Security Requirements by Airlines

Complying with all the current and proposed security requirements by a regional airline is detrimental to efficient operation and has induced delays and costs which are not commensurate with any security benefit gained.

One particular regulation causing concern for regional operators is the requirement for all aircrew to be screened. REX crew operate from screened airports to unscreened airports and return. Each time the crew return to a screened airport they must escort the passengers across the apron and perform their weight and balance calculations and other duties in the terminal. This means that, under the current regulations, the crew must be screened.

At Sydney and Adelaide the screening points are a considerable distance from the areas where crew perform their duties. The journey to and from screening and the act of screening takes a considerable amount of time. The turn around times demanded of the crew at these airports is 20 minutes in order to maintain the REX schedule. The added requirement of screening has induced considerable delays to departures, with subsequent delays within the REX network. The costs of these delays are discussed below.

The aviation security benefit of this regulation is negligible. The compulsory screening of crew in the above scenario is designed to detect weapons. However, this occurs after the crew has flown a sector into the major airport having ample opportunity to interfere with the aircraft or indeed secrete a weapon on board for use later. After screening, the crew still has access to weapons (including an axe) which are part of the aircraft equipment.

Removing a potential weapon from flight crew does not, in any circumstance, negate the ability of the crew member from committing an act of unlawful interference with aviation. It does however, create considerable delays and costs to the airline and instils a feeling among the pilots that the Department, hence the Government, holds no trust in them nor has any real understanding of the practical issue.

The imposition of full screening of flight crew at the major hub airports will lead to the extension of turnaround times to such an extent that one full schedule rotation of each aircraft could be lost daily – that is, three return services between a regional port and a major hub with one aircraft would be possible rather than the current four return scheduled rotations to fit in with the normal daily spread of services from 6.30am to 8.00pm. This would lead to either the need for additional aircraft and crew at a huge increase in marginal cost or a substantial reduction in service. These requirements have little consideration for the practical risk involved and the end cost.

The above regulation is one of a number of current or perceived future regulations which make full compliance difficult for regional airlines. All new requirements must be practical, able to be complied with on an equal basis and have regard to the economic impact versus safety and security risk. Rex has considerable concern that such basic considerations are not the essential part of the current regulatory process.

Impact of Overseas Security Requirements

As a regional airline, security requirements initiated by foreign countries have no short term effect on REX unless they are arbitrarily adopted by Australia.

Cost of Security Upgrades

Effective use of funds is paramount to the survival of any airline, particularly a regional airline which has a smaller customer base and on average, three times the seat unit costs of a major domestic or international airline. REX acknowledges that costs must be incurred for aviation security however, the money spent must provide tangible security benefits.

Within the last two months a number of measures have been introduced or discussed which could require considerable expenditure. However, many of the measures discussed have been designed to protect property from theft or tampering and are not directly related to aviation security as defined in the Act. A further discussion of this issue will be given later in this submission.

New security screening regulations were introduced in March 2005. In the period between 1 March and 30 June 2005, 298 delays totalling 298 minutes have occurred within REX operations as a direct result of the new requirement for regional airline crew screening requirements (this figure does not include the consequential disruptions resulting after each of these departures). These delays cost Regional Express approximately \$45 per minute therefore, the total cost of the screening regulations to REX since their introduction has been in excess of \$14,000 for a period of 3 months plus the costs of consequential delays.

Discussions are in progress to increase screening and screening points. This cost is passed onto airlines and cannot be quantified at this time.

Extra guarding has been introduced at some airports within the last month. This cost will be passed onto airlines and cannot be quantified at this time.

Increased security for regional airports has been provided for in a Commonwealth grant to those airports to provide for extra security infrastructure. While this grant is welcomed by REX, it must be fully understood that such funding is not provided by the taxpayer but is derived fully from funds received by the Commonwealth through aviation fuel excise.

As mentioned above, there are issues with the current effective administration of this funding in terms of it being used for purposes not directly related to security measures. It also must be fully understood that this funding is for capital works only which then require airport operators to incur the costs of depreciation, ongoing recurrent operational costs and repairs and maintenance. All of these costs are passed on to the airlines and travellers through increased airport charges.

This in turn reduces the attractiveness of the air service versus other competitive modes of transport – road and rail. REX has been particularly successful in making regional air travel affordable to regional travellers through the introduction of deeper discount fares. Increased costs leading to increased fares will quickly reverse this trend.

In recent months REX has introduced RPT airline services to two ports which have been without airline services for a period of some years. Both services are marginal at best at this time. Substantial increased security measures over and above that based on a reasonable risk assessment may lead to these services being terminated. In terms of an outcome, this may be the ultimate security risk mitigation measure.

The recent horrific incidents in London and Spain clearly show that terrorism threats are not restricted to aviation. Yet in this country the emphasis is on aviation and generally on the user pays principle. Little appears to have been done on rail, road and sea transport.

The *Aviation Transport Security Regulations 2005, Regulation 4.70*, requires specific training for flight crew in:

- deciding the seriousness of an occurrence; and
- crew communication and coordination; and
- appropriate self-defence; and
- the use of non-lethal protective devices to the extent permitted by law; and
- understanding the behaviour of terrorists; and
- exercises simulating threatening situations; and
- flight deck procedures to protect the aircraft; and
- procedures for searching the aircraft; and
- least-risk bomb locations for aircraft.

This training, some of which is included in other flight crew training syllabi, is estimated to cost REX in excess of \$150,000 per year. Undertaking this training will involve significant disruptions to crew rosters as REX crews are based in six separate locations. The value of this training for pilots is questioned by REX due to the fact that pilots are required to remain on the Flight Deck behind a locked security door. The topics dictated by the regulation serve no purpose in assisting a pilot during a passenger incident in the cabin.

Rex acknowledges that such training for Flight Attendants may have limited benefit only. Our Saab 340 aircraft are operated with one flight attendant in a relatively small environment. The effectiveness of training in self defence measures appears to us to be limited – we may do better training our passengers.

Regional Express acknowledges the requirement and agrees to paying for adequate and effective aviation security measures. Regional Express disagrees with paying for measures which do not provide commensurate improvements in aviation security.

Privacy Implications

Regional Express acknowledges that certain personal details must be divulged by staff to allow for background checking.

Technological Enhancements

Regional Express monitors technological advancements which may have a positive effect on aviation security as it applies to REX operations. At the moment, only modern CCTV systems appear to be applicable.

Technological methods to detect identity fraud are, in REX's opinion, the purview of authorities responsible for background checking.

REX would object to authorities following a process of purchasing upgraded technological systems to replace current systems which are effective and still within an acceptable life cycle. This objection is based on the flow-on costs which the airlines will have to pay for these systems.

Baggage Handling Operations

Current security regulations and procedures are designed to prevent any object being introduced into the baggage which may jeopardise an aircraft. REX supports the requirement and the processes which achieve this aim.

Recent publicity surrounding theft from baggage and the introduction of drugs into baggage concerns REX.

The introduction of drugs into baggage, if proven correct, indicates a possibility to introduce an explosive device into baggage. Current regulations and operating procedures within REX indicates a low probability of this occurring in baggage carried by REX.

The nature and design of regional airports, combined with the small staff numbers working at the airports, significantly reduces the probability of such an event occurring. Should such an event occur at a regional airport, the culprit would be easily identifiable, which is a significant deterrent.

At larger airports REX operates a space within the main baggage makeup rooms. These airports are introducing a screening process for baggage handlers, thus negating any further process requirements.

REX does not consider theft from baggage as an aviation security issue (refer to the definition of aviation security earlier in this submission) but rather a criminal activity which the major airports and the major airlines have failed to effectively deal with over a long period.

In the three years of operation, REX has had one reported claim for theft from baggage. This recent report was made immediately after significant publicity was given to theft from baggage and was not pursued by the claimant when she was advised that a full investigation would be conducted into the claim.

Theft of and from baggage is not an issue for REX. We have not paid out one claim for stolen or lost baggage since we commenced operations. Rex would therefore object to any universal process being mandated to combat this issue. The introduction of such processes at regional airports would be a most ineffective use of funds on an issue which does not affect these airports.

Theft of and from baggage carried by other airlines in a major airport baggage room is an issue which REX acknowledges. Processes introduced to reduce such events at these airports, although not an aviation security issue, requires practical and cost effective solutions borne by those affected.

General

Aviation security has become the latest major growth industry. It has been fuelled by substantial media attention and political activity. It involves many different government agencies at all levels of Government as well as other organisations including airports, security contractors, ground service operators and airlines.

Considerable funds have already been spent on conferences, discussions, power plays by the various agencies, finger pointing and blame mongering and strategies for larger empires.

At the end of the day it is the air traveller, industry staff member and operator shareholder who will bear the cost and the risk of the measures brought into to mitigate the security risk. It has been REX's clear observation during these recent months that while there remains considerable grey areas in empowerment and responsibility, effective solutions at minimal cost will not be achieved.

REX also believes clearly that there is a huge lack of understanding in all government agencies of regional airline activity, regional airport operations and effective risk assessment for regional Australia. We contend that the risks involved for regional airline services (i.e. risk to aviation security) are considerably less than at major international airports. They also involve substantial practical impediments. Cost impacts of enhanced and upgraded security measures at regional airports or relating to regional aviation have a far greater unit cost impact than at major airports or for domestic trunk and international airline services.

REX also believes there has been a muddying of the distinction between aviation security issues and criminal activities associated with drug trafficking and theft. These matters must be placed in their relevant contexts and dealt with accordingly with responsibility placed back on the airport and airline operators as necessary.